रजिस्ट्री सं० डी० 221 REGISTERED No. D. 221

भारत का राजपत्र
The Gazette of India

असाधारण

EXTRAORDINARY

भाग II—खण्ड 3—उपखण्ड ( )

PART II—Section 3—Sub-Section (i)

प्राधिकार से प्रकाशित

PUBLISHED BY AUTHORITY

सं० 220] नई दिल्ली, शुक्रवार, नवम्बर 4, 1966/कार्तिक 13, 1888

No. 220] NEW DELHI, FRIDAY, NOVEMBER 4, 1966/KARTIKA 13, 1888

इस भाग में भिन्न पृष्ठ संख्या दी जाती है जिससे कि यह अलग संकलन के रूप में रखा जा सके।

Separate paging is given to this Part in order that it may be filed as a separate compilation.

MINISTRY OF FINANCE

(Department of Economic Affairs)

(Office of the Controller of Capital Issues)

ORDERS

New Delhi, the 4th November 1966

G.S.R. 1705.—In exercise of the powers conferred by sub-section (1) of section 6 of the Capital Issues (Control) Act, 1947 (29 of 1947), the Central Government hereby makes the following Order, namely:—

1. **Short title.**—This Order may be called the Capital Issues (Exemption) Order, 1966.

2. **Interpretation.**—The words and expressions used herein shall have the same meaning assigned to them in section 2 of the Capital Issues (Control) Act, 1947, and clause 2 of the Capital Issues (Exemption) Order, 1961.

3. **Application of first exemption Order not barred.**—The exemption granted under this Order shall be in addition to, and not in derogation of, those granted under the Capital Issues (Exemption) Order, 1961.

4. **Certain issue of securities exempted from certain provisions of the Act.**—(1) The following issue of securities shall be exempt from the provisions of sections 3, 4 and 5 of the Act, namely, the issue of securities irrespective of the value of consideration involved by—

(i) a private company as defined in section 3 of the Companies Act, 1956 (1 of 1956);

(ii) a Government company as defined in section 617 of the Companies Act, 1956, provided that no portion of the issue of securities is made to the general public;

(iii) a banking company or an insurance company or a provident society incorporated as a copmany;

(2) Issue of securities proposed to be made by public companies shall be exempt from the provisions of sections 3, 4 and 5 of the Act:

Provided that—

(i) as a result of the proposed issue the equity of the company is not less than one-half of its debt;

Explanation 1.—"debt" includes all borrowings repayable not earlier than five years from the date of borrowing (whether debentures, loans or deferred payments including interest thereon, for the purchase of capital equipment) and preference shares redeemable not later than twelve years from the date of issue.

Explanation 2.—"equity" includes paid-up equity share capital, share premium free reserves, irredeemable preference shares and preference shares redeemable not earlier than twelve years from the date of issue.

(ii) that as a result of the proposed issue the total paid-up preference share capital will not be more than one-third of the total paid-up equity share capital;

(iii) where the securities issued by the company or a part thereof is for the purpose of taking over an existing business or asset, the take over is effected at the book value of such business or asset;

(iv) where a public company is formed on conversion of a private company, the consideration for issue of securities by the public company for taking over the private company as a going business or any part of the assets of the private company does not exceed the book value of the net assets so taken over of the private company;

(v) no securities are issued in consideration of re-valuation of assets or creation of any intangible or fictitious assets;

(vi) the issue price of the securities to be issued is at par and not at a premium or discount;

(vii) any offer of securities for public subscription is such as to make the securities eligible for listing on a recognised stock exchange;

(viii) where the issue of equity capital involves an offer for subscription by the public for the first time, the value of equity capital subscribed privately by the promoters, directors and their friends is not less than fifteen per cent. of the total issued equity capital, if it does not exceed one crore of rupees, twelve-and-a-half per cent., if it does not exceed two crores of rupees and ten per cent., if it is in excess of two crores of rupees.

5. **Procedure for obtaining exemption.**—(1) A company desiring to avail itself of the exemption under this Order shall file with the Controller of Capital Issues a statement of its capital issues proposals in the form annexed to the Capital Issues (Application for Consent) Rules, 1966, notified under No. G.S.R. 600, dated the 29th March, 1966.

Explanation.—The statement of proposals referred to in this sub-clause need not be accompanied by any fee.

(2) Within thirty days of the receipt by the Controller of Capital Issues of the proposals under sub-clause (1), he shall communicate in writing to the company whether or not he has any objection thereto.

(3) Where no objection has been made, the company shall state in a prominent place in its prospectus or statement in lieu of prospectus or letter of offer to its shareholders, as the case may be, that the issue of securities is being made in terms of the provisions of this Order.

6. **Saving.**—Nothing contained in this Order—

(i) shall apply to any issue of securities irrespective of the amount involving the capitalisation of profits or reserves for the purpose of issuing additional capital or conversion of party paid-up shares into fully

paid-up shares or for the increase of the paid-up value or par value of shares already issued by any company private or public including a banking company, or an insurance company, or a provident society incorporated as a company;

(ii) shall affect or be deemed to affect the power of the Central Government to modify in the public interest any proposal for the issue of securities by a public company desiring to avail itself of the exemption under this Order;

(iii) shall be deemed to exempt any public company from obtaining the consent of the Central Government under the Act in respect of issues of all securities the terms of which, for whatsoever reasons, either do not satisfy the provisions of sub-clause (2) of clause 4 or have not been modified to meet the objections raised by the Controller of Capital Issues on receipt by him of the statement of proposals under clause 5

[No. 2(6)-CCI/66.]

G.S.R. 1706.—In exercise of the powers conferred by sub-section (1) of section 6 of the Capital Issues (Control) Act, 1947 (29 of 1947), the Central Government hereby makes the following Order to amend the Capital Issues (Exemption) Order, 1961, namely:—

1. This Order may be called the Capital Issues (Exemption) Amendment Order, 1966.

2. In the Capital Issues (Exemption) Order, 1961, in clause 3—

(1) for sub-clauses (d) and (e), the following sub-clauses shall be substituted, namely:—

"(d) the loans granted, or debentures taken up, or bonds or promissory notes issued, by the Industrial Development Bank of India established under the Industrial Development Bank of India Act, 1964 (18 of 1964), the Industrial Finance Corporation established under the Industrial Finance Corporation Act, 1948 (15 of 1948), a State Financial Corporation established under the State Financial Corporation Act, 1951 (63 of 1951), the Madras Industrial Investment Corporation Ltd., the Industrial Credit and Investment Corporation of India Ltd., the National Industrial Development Corporation of India Ltd., the Shipping Development Fund Committee, the Life Insurance Corporation of India, the Rehabilitation Industries Corporation of India Ltd., or a State Electricity Board constituted under the Electricity (Supply) Act, 1948 (54 of 1948);

(e) the guarantees given by the Industrial Development Bank of India under clause (e) or clause (f) or clause (g) of sub-section (1) of section 9 of the Industrial Development Bank of India Act, 1964 or by the Industrial Finance Corporation under clause (b) of sub-section (1) of section 23 of the Industrial Finance Corporation Act, 1948 or by the Central Government or a State Government under sub-section (2) of the said section 23 of the Industrial Finance Corporation Act, 1948, or any other guarantees given or furnished by any other body or institution specified in sub-clause (d);".

(2) for sub-clause (j), the following sub-clause shall be substituted, namely:—

"(j) third party guarantee on behalf of a company in respect of—

(i) the loans granted or debentures taken up by the institutions specified in sub-clause (d); and

(ii) the advances, overdrafts or guarantees, referred to in sub-clause (f) granted or furnished or to be granted or furnished by a banking institution, an insurance company, managing agents of a company, or the managing director or director of a company.

[No. 2(18)-CCI/66.]

M. K. VENKATACHALAM,
Controller of Capital Issues.

PRINTED IN INDIA BY THE GENERAL MANAGER, GOVERNMENT OF INDIA PRESS, NEW DELHI AND PUBLISHED BY THE MANAGER OF PUBLICATIONS, DELHI, 1966